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APR 12 2007

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DOCKET FILE COPY ORIGINAL

OF COUNSEL
JOHN T. PETERS, JR.
THOMPSON BENNETT
(1912 - 2004)
VINCENT T. EARLY
(1922 - 2001)
JOSEPH J. BURGIE
(1926 - 1992)

April 11, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Via Federal Express

RE: CC Docket No. 96-45 Matter No. DA-07-1306

Dear Ms. Dortch:

Enclosed for filing in CC Docket No. 96-45 please find an original and four (4) copies of an Application for Review in the above referenced matter. I am filing one original and four copies pursuant to 47 CFR §1.51 (c) (1), as this matter is neither a rulemaking nor a hearing case.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.


Lawrence M. Brenton

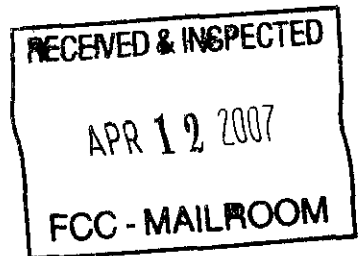
LMB/tld

Writer's E-mail: lbrenton@earlylennon.com

cc: Universal Service Administrative Company

No. of Copies rec'd 0 + 4
List A B C D E

**Before the
Federal Communications Commission
Washington, DC 20554**



In the Matter of:)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
American Telecommunication Systems, Inc.)	DA-07-1306
)	
Equivoice, Inc.)	
)	
Eureka Broadband Corporation)	
)	
TON Services, Inc.)	
)	
Value-Added Communications, Inc.)	

APPLICATION FOR REVIEW

BY AMERICAN TELECOMMUNICATIONS SYSTEMS, INC.

I BACKGROUND

The five carriers named in the caption above filed separate petitions for review with the Federal Communications Commission for review of actions of the Universal Service Administrative Company (sometimes referred to herein as "USAC"). The Petitions have been decided by the Wireline Competition Bureau under delegated authority. All were decided in a single Order (the "Order") released March 14, 2007 in proceeding DA-07-1306. American Telecommunications Systems, Inc. ("ATS") makes Application for Review of the Order by the Commission pursuant to 47 CFR §1.115.

II SUMMARY AND DISCUSSION

In its submittals to USAC and on review by the Wireline Competition Bureau, ATS showed that by agreement with wholesaler carrier Tel-Save for the period July, 1999 through December, 2001, Tel-Save billed for and collected revenues, reported the revenues on its own 499 report forms and paid resulting universal service contributions. ATS showed that it was erroneously billed for universal service contributions commencing in July of 1999 and, after communicating directly with USAC, paid the invoices under protest, with a request that its payments be refunded. Payment of universal service contributions by both Tel-Save and ATS was acknowledged by Tel-Save in its letter dated August 21, 2000, confirming that both Tel-Save (by then known as Talk.com) and ATS had been fully paying universal service contributions. These factual assertions are supported by the declaration of ATS's president, Bill Stathakaros (Exhibit 1) and the documents referred to therein and attached as Exhibits.

The Talk.com letter to USAC made under oath is Exhibit 2. ATS furnished spreadsheets (Exhibit 3) showing compilation of all of the double payments in the amount of \$77,194.01 and late payment charges of \$13,225.40 with copies of checks reflecting payment under protest to

USAC. (one sample of such payment is Exhibit 4). A complete set of such double payments made under protest was furnished to USAC and on appeal but is too voluminous to attach again.

The Order completely mischaracterizes ATS's clear explanation of its position, which ATS repeatedly explained to USAC and in its appeal, (Exhibit 5) supported by the voluminous records and documentation referred to herein. The Order states, in paragraph 1, that ATS is among carriers seeking recovery of universal service fund contributions "...which Petitioners contend that they made indirectly through underlying carriers". ATS clearly showed that it had directly paid USAC, as did Talk.com. Its problem was double billing and double payment, not payment of a billing by its carrier Tel-Save / Talk.com.

The same fundamental misunderstanding is repeated in paragraph 11 of the Order. First the Wireline Competition Bureau recognized that universal service Instructions and their certification procedure permit the wholesale carrier and retail carrier "...to determine whether the USF obligations should be collected by the underlying carrier or whether the reseller has an independent obligation to contribute." This finding ATS agrees with completely; it has shown that between itself and the wholesale carrier, the parties agreed that the wholesale carrier would retain universal service fund responsibilities because it billed for and received payment for services to end users. However, the Order then states, in completely contradictory fashion, "Here, Petitioners had an obligation to contribute based on their end user revenues." This is exactly wrong, at least for ATS. Tel-Save by agreement billed end users and collected payments. To be consistent with the first quoted sentence, the Order (at least insofar as it refers to ATS) should say, "Here, Petitioner ATS had no obligation to contribute because it had no end user revenues."

This contractual arrangement may be less common than the more generally followed *structure of a retail carrier directly billing for and collecting long distance usage charges and* remitting universal service fund payments. However, nothing in the applicable regulations or Instructions for universal service reporting and contributions prohibited Tel-Save and ATS from agreeing that Tel-Save and not ATS would bill end users, collect payments, report the end user billings as revenues and pay universal service contributions. Tel-Saves' letter confirms that it reported the revenues and paid universal service contributions, and requested that ATS be refunded the double payments made by ATS.

It made perfect sense for the parties to agree that Tel-Save, as biller and recipient of the funds, would remit universal service contributions, not ATS. The Commission has observed that in most common wholesaler-retailer relationships, the reseller should generally bear the obligation to make universal service payments because it bills for and receives revenues directly from the end users. Universal Service First Report and Order, 12 FCC Rcd 8776, part XIII F, "Basis For Assessing Contributions". The Commission noted that in common arrangements, passing through universal service obligations to resellers avoids problems of double payments. It also avoids the very practical problem of looking to the carrier that does not receive money for payment of universal service contributions. Likewise, if the wholesaler bills for and receives all revenues, it alone should report end user revenues and pay resulting universal service contributions. At least there is no prohibition against the wholesale carrier and the retail carrier agreeing that this is what will be done.

This approach is supported by the relevant 499 Instructions, which clearly provide that a wholesaler that intends to pass the obligation for universal service reports and payments on to a reseller shall obtain written certification that the reseller will do so. Telecommunications

Reporting Worksheet, FCC Form 499-A, Subsection C.1. In the absence of such certification, the wholesaler is required to report such revenues as "end user revenues", and pay the resulting universal service liability. (emphasis added).

Disallowing such an agreement and practice, as has been done by USAC and the Wireline Competition Bureau is unfair to ATS. ATS explained to USAC that USAC was erroneously billing both the wholesale carrier and the retail carrier for the same revenues but it paid USAC's invoices anyway, under protest. The mischaracterization of ATS's dilemma in the Order as merely some kind of dispute between carriers is contrary to the concern expressed by the Commission in the First Report and Order that double payment of universal service contributions is not a goal of the system and is to be avoided. Likewise, the Order erroneously states that ATS has a remedy by making a claim against Tel-Save / Talk.com. This is clearly wrong, as both Tel-Save and ATS paid the same bills; the remedy for double payment is a refund of double payments from USAC to ATS, not a claim against Tel-Save / Talk.com, which already has paid once.

USAC and the Wireline Competition Bureau both tend to characterize the parties' billing (and USF reporting and payment) arrangement as an attempt to shift responsibility from ATS to some third party, when in fact the rules and Instructions clearly place reporting and payment responsibility on the wholesale carrier unless and until it confirms with the retailer that the retailer will discharge these obligations. In a self-contradictory fashion, the Order both recognizes this system for placement of responsibility, in paragraph 11 quoted above, and denies ATS the protection afforded by it, by denying ATS's claim for a refund.

The Petitions were decided under the broad delegation to the Wireline Competition Bureau of review power contained in 47 CFR 54.722 (a). That rule includes an exception for

requests for review "that raise novel questions of fact, law or policy", which are instead to be considered by the full Commission. Apparently the Petitions presented a novel question: whether, in light of (a) the reasoning which lead to the Commission's presumption of imposition of universal service charges on the carrier that bills for services and so receives payment from the customer and (b) the clear directive in the 499 Instructions that a wholesaler which does not verify reporting and payment of such charges by a reseller is responsible for such reporting and payment, parties may agree that the wholesaler will bill, collect and report end user revenues and pay resulting universal service charges, relieving the retailer that does not bill or collect such funds from these responsibilities.

Although the Petitions did present what apparently is a novel question, they were ruled on by the Wireline Competition Bureau rather than by the Commission. ATS respectfully suggests that the Petitions should have been recognized as presenting novel issues, justifying review by the Commission. ATS urges the Commission to now correct this by granting its Application for Review.

III APPLICATION FOR REVIEW STANDARDS

An application for review will be considered by the Commission if action taken pursuant to delegated authority merits Commission review upon consideration of as many as five factors. In the present case, Applicants submit that the denial of relief by the Wireline Competition Bureau is in conflict with statute, regulation and established Commission policy within the meaning of 47 CFR § 1.115(b)(2)(i) in that ATS is entitled to refund of the double payments under the very portions of the Instructions recognized by the Wireline Competition Bureau in paragraph 11 of the Order.

Further, the present case appears to present an issue not previously resolved by the Commission within the meaning of 47 CFR §1.115(b)(2)(ii), except by inference in the Commission's Report and Order and 499 Instructions as argued above. That issue is this: May the parties to an agreement provide that only the wholesale carrier, the carrier's carrier, will bill for all services and receive all end user payments, reporting the same as end user revenue on its own 499-A reports and not obtaining any written certification or verification that the retail carrier will pay universal service charges, since both parties agree that only the wholesale carrier will pay such charges? In that circumstance, is the retail carrier that never billed for or received the end user revenues also required to pay universal service contributions? Applicant submits that the contractual arrangement that placed reporting and payment responsibilities exclusively on wholesaler Tel-Save, the party billing and receiving revenues, is entirely proper, is not inconsistent with the Commission's rules or the 499 Instructions, and should be honored by USAC.

IV RELIEF REQUESTED:

- A. The Commission's should determine that Tel-Save as biller and recipient of end user revenues was, as agreed by the parties, exclusively obligated to report such revenues and make universal service payments and ATS is entitled to a refund of its double payment of the same charges**

There seems to be unnecessary uncertainty at the Universal Service Administrative Company (and the Wireline Competition Bureau) over how Universal Service Fund rules apply to something other than a prototypical wholesale—resale arrangement, the prototype being one in which the carrier's carrier obtains certification that a reseller will make universal service contributions and the reseller bills for and collects end user revenues, reporting them on its 499 Forms and making universal service payments. The Commission's discussions follow a

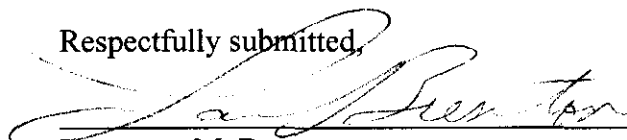
perfectly logical approach based on who bills for and receives revenues. In most such arrangements it is the reseller billing for and collecting revenues that should pay, with responsibility on the wholesaler to verify that the reseller will do so, at which point the wholesaler's responsibility ends. There is no double liability in this arrangement; the wholesale carrier obtaining proper verification from a reseller does not remain responsible for the reseller's universal service reports or contributions.

In the present case the parties departed from the prototypical model by agreeing the wholesale carrier would bill for and receive all revenues, reporting them and paying universal service contributions. Under this arrangement there again should be no double liability; Tel-Save was required by contract and by law to report the billings as its end user revenues and pay resulting universal service contributions, not the Applicants. It did so, as evidenced by the uncontroverted declaration in its letter of August 21, 2000. The payments under protest by ATS therefore were double payments, payments of USAC invoices which should never have been sent.

The Commission should instruct USAC, on remand, that consistent with its Orders and with 499-A Instructions, a refund of all double payments be paid to ATS as shown on Exhibit 3, together with interest.

Dated: April 11, 2007

Respectfully submitted,



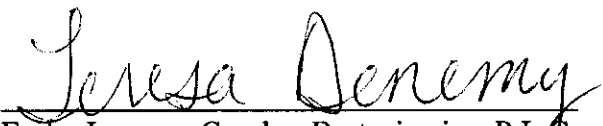
Lawrence M. Brenton
Early, Lennon, Crocker & Bartosiewicz, P.L.C.
900 Comerica Building
Kalamazoo, MI 49007
(269) 381-8844
lbrenton@earlylennon.com

Attorneys for Applicant

CERTIFICATE OF SERVICE

A copy of the foregoing Application for Review was served upon the Universal Service Administrative Company this 11th day of April via Federal Express delivery and United States mail, at the following address:

Universal Service Administrative Company
Attn: Tracy Beaver
2000 L Street, N.W.
Suite 200
Washington, D.C. 20036



Early, Lennon, Crocker Bartosiewicz, P.L.C.
900 Comerica Bldg
Kalamazoo, MI 49007
Phone 269.381.8844
Fax 269.381-8822

EXHIBIT 1

DECLARATION OF BILL STATHAKAROS

I, Bill Stathakaros, declare as follows:

1. I am the President of American Telecommunications Systems, Inc. ("ATS").
2. *I make this Declaration in connection with the foregoing Application for Review filed with the Federal Communications Commission by ATS, applying for review of the Order of the Wireline Competition Bureau dated March 14, 2007.*
3. On behalf of ATS, I signed an agreement with Tel-Save, later known as Talk.com, under which Tel-Save was the wholesale provider of telecommunication services and also billed end user customers for the same, with payments going to a lockbox controlled by Tel-Save. It was our understanding that under this arrangement, Tel-Save would report revenues as its own end user revenues on 499 reports to the Universal Service Administrative Company ("USAC") and would pay universal service contributions invoiced to it by USAC. I am informed and believe that Tel-Save / Talk.com in fact did make such reports and payments, as evidenced by the August 21, 2000 letter attested to by its controller attached.
4. Notwithstanding such payments by Tel-Save, ATS was invoiced by USAC for the same amounts. I communicated this double billing to USAC and, under threat of loss of certification, paid the invoices under protest. Attached is a sample letter of protest and check reflecting payment. Also attached is a true and accurate spreadsheet showing all such double payments made by ATS for the period July, 1999 through December of 2001 together with late charges for same which I previously furnished to USAC and the FCC.
5. I have repeatedly corresponded with USAC concerning the double billing problem, without receiving any satisfactory response. I did receive a letter from USAC stating that my company's appeal was dismissed as not being timely and on the basis that double payment of USAC charges was proper.
6. I appealed the USAC denial to the Federal Communications Commission by letter dated February 17, 2005, which appeal was denied by the Order dated March 14, 2007.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 10, 2007.



Bill Stathakaros

EXHIBIT 2



Holding Corp.

August 21, 2000

Universal Service Administration Company
Attention: Lisa Harter
80 South Jefferson
Whippany, New Jersey 09010

Dear Lisa:

The purpose of this letter is to explain the reporting and billing practices of Talk.com Holding Corp., f/k/a Tel-Save, Inc. and their corresponding effect American Telecommunications Systems (ATS).

Since the implementation of the FCC Universal Service Fund to all carriers in 1997, Talk.com Holding Corp., f/k/a Tel-Save, Inc. has included the revenues of ATS in the retail section of the 457/499 report. Based on this reporting practice, Talk.com has received monthly bills from your Agency and paid them in full. Thus ATS's FCC USF contributions have been paid by Talk.com from inception of the original invoice through the current invoice.

Talk.com has come to realize that the reporting of ATS's revenue should have been placed on the 457/499 report in the wholesale section rather than the retail section. Talk.com has come to realize that ATS may have reported their revenue directly to USAC which has resulted in ATS contributing twice to USAC (once indirectly through Talk.com and once directly via a direct invoice from USAC to ATS).

Talk.com apologizes for the confusion and analysis that this situation may have caused your Agency. However, please credit the ATS invoices since Talk.com has already paid ATS's' FCC USF contributions.

Thank you for your time. Please feel free to contact Tina Tecce at 215-862-1803 if you have any questions or concerns surrounding the Talk.com and ATS billing arrangement.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Janet Kirschner".

Janet Kirschner
Controller

State of Pennsylvania)
County of Bucks) "

I, the undersigned Controller of
Talk.com Holding Corp., f/k/a Tel-Save, Inc.

do severally say that the foregoing letter has been prepared, under my direction, that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs.

[Signature]
Controller

Subscribed and sworn to before me this 21st day of August, 2000.
Kristina M. Tecce

NOTARIAL SEAL
KRISTINA M. TECCE, Notary Public
New Hope Boro, Bucks County
My Commission Expires June 18, 2003

EXHIBIT 3

Spreadsheet A		7/15/99 to 12/19/01				
Invoice Date		Check/Payment Date		Payments		Late Payment Fees
7/15/1999		8/16/1999		\$5,923.27		\$100.00
8/16/1999		9/17/1999		\$5,843.27		\$10.00
9/15/1999		10/12/1999		\$5,843.27		\$10.00
10/15/1999		11/12/1999		\$5,963.40		\$0.00
11/16/1999		12/14/1999		\$4,900.00		\$0.00
12/17/1999		1/12/2000		\$4,900.00		\$0.00
1/17/2000		2/11/2000		\$4,900.00		\$10.00
2/16/2000		Payment Withheld		\$0.00		\$34.14
3/20/2000		Payment Withheld		\$0.00		\$44.14
4/17/2000		Payment Withheld		\$0.00		\$72.74
5/17/2000		Payment Withheld		\$0.00		\$103.13
6/26/2000		Payment Withheld		\$0.00		\$209.90
7/25/2000		Payment Withheld		\$0.00		\$138.64
8/22/2000		Payment Withheld		\$0.00		\$170.08
9/22/2000		Payment Withheld		\$0.00		\$177.03
10/20/2000		Payment Withheld		\$0.00		\$189.67
11/19/2000		Payment Withheld		\$0.00		\$209.32
12/20/2000		Payment Withheld		\$0.00		\$222.70
1/21/2001		Payment Withheld		\$0.00		\$236.08
2/20/2001		3/8/2001		\$1,695.88		\$241.13
3/21/2001		4/9/2001		\$1,702.39		\$247.64
4/23/2001		5/10/2001		\$1,702.39		\$262.21
5/22/2001		6/11/2001		\$1,750.35		\$252.14
6/26/2001		Nothing Due This Month		\$0.00		\$250.19
7/20/2001		8/22/2001		\$5,298.38		\$2,622.31
8/21/2001		9/10/2001		\$5,298.38		\$294.75
9/21/2001		10/8/2001		\$5,521.16		\$222.78
10/19/2001		11/13/2001		\$5,317.29		\$223.40
11/21/2001		12/3/2001		\$5,317.29		\$299.32
12/19/2001		1/2/2002		\$5,317.29		\$258.56
		Total Payments and Fees		\$77,194.01		\$7,112.00

Spreadsheet B		1-23-02 to 1-24-05
Invoice Date		Late Payment Fees
1/23/2002		\$243.17
2/21/2002		\$247.44
No Statement		\$0.00
4/19/2002		\$312.09
5/22/2002		\$253.69
6/20/2002		\$259.32
No Statement		\$0.00
No Statement		\$0.00
No Statement		\$0.00
No Statement		\$0.00
11/22/2002		\$182.07
12/20/2002		\$194.95
No Statement		\$0.00
2/25/2003		\$270.61
3/21/2003		\$278.67
4/22/2003		\$357.84
5/22/2003		\$372.43
6/20/2003		\$392.76
7/22/2003		\$440.49
8/22/2003		\$427.80
9/22/2003		\$432.00
10/22/2003		\$130.89
11/21/2003		\$116.54
12/22/2003		\$106.75
1/22/2004		\$100.44
2/23/2004		\$92.10
3/22/2004		\$99.23
4/22/2004		\$96.52
5/21/2004		\$77.90
6/22/2004		\$89.50
7/22/2004		\$88.98
8/20/2004		\$91.57
9/22/2004		\$101.00
No Statement		\$0.00
11/22/2004		\$83.99
12/22/2004		\$84.56
1/24/2005		\$88.10
Total Fees		\$6,113.40

EXHIBIT 4



American Telecommunications Systems, Inc.

TRA
Member

7237B Whipple Ave. N.W., Suite 200
North Canton, Ohio 44720
(330) 966-8116
(330) 966-2369 FAX

August 16, 1999

Universal Service Administrative Company
P.O. Box 371719
Pittsburgh, PA 15251-7719

Re: Company 818356

To Whom It May Concern,

Enclosed you will find our first payment to USAC. We are sending payment, under protest, because we were told by USAC that payment is mandatory until we settle the dispute of double payments to USAC for the same traffic which Tel-Save is remitting payment to USAC. We are a partition of Tel-Save and they collect and remit payment to USAC for all of their partitions, including us and our traffic through them.

We have been threatened with losing our certification if we do not make payments, so we will diligently work with USAC to resolve the issue at hand. Our regulatory attorney, Mr. Chris Stockhoff, can be reached at (768) 775-2244 or you may call me at 1-800-961-4245. We are confident that this will be resolved soon.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Stathakaros', with a large, stylized flourish at the end.

Mr. Bill Stathakaros
President

BS/ms
Enclosures



UNIVERSAL SERVICE
ADMINISTRATIVE CO

Date: 07/15/1999
Invoice #: 153080
Company: 818356

American Telecommunications Sy
7237 B Suite 200
Whipple Ave. NW
North Canton, OH 44720

Attn: Chris Stockhoff

Mail Payment to:
Universal Service
Administrative Company
P.O. Box 371719
Pittsburgh, PA 15251-7719

STATEMENT OF ACCOUNT

-----Detail of Charges-----		Amount
Date	Previous Month's Balance	\$0.00
07/15/1999	High Cost Fund Charges	\$3,043.70
07/15/1999	Low Income Fund Charges	\$881.50
07/15/1999	Schools & Libraries Fund Charg	\$1,898.07
07/15/1999	Late Filing Penalty	\$100.00
Total Charges		\$ 5,923.27

-----Detail of Payments-----		Amount
Date		
Total Payments Received		\$0.00

Total Amount Due USAC	\$ 5,923.27
	=====

Payment is due by 08/13/1999

Please remit pink copy with payment to ensure proper credit.

Transactions occurring after 07/15/1999 are not reflected on this statement

Direct questions to the USAC Administrator - (973) 560-4400

ORIGINAL

AMERICAN TELECOMMUNICATIONS SYSTEMS, INC.

2599

2378 WHIPPLE AVE, NW, #200
NORTH CANTON, OH 44720

DATE 8-16-99

6-103/410
434

AY
D THE
ORDER OF Universal Service Administrative Company \$15,923.27
Five thousand nine hundred twenty-three and 27/100 DOLLARS




KeyBank National Association
Canton, Ohio 44718
1-800-KEY2YOU

OR invoice #153080 company #18356

Regina J. Stidd

⑈002599⑈ ⑈01100103⑈ 35431100038⑈

UNIVERSAL SERVICE
ADMINISTRATIVE CO. 
P.O. Box 371719
Pittsburgh, PA 15251-7719

3/12/01
Bill
Celine
Send me
per BB.
Send out print
per BB.
Bill
Celine
Send me
per BB.
Send out print
per BB.

EXHIBIT 5



American Telecommunications Systems, Inc.



4450 Belden Village St. N.W., Suite 602
Canton, Ohio 44718
(330) 649-9265
(330) 649-9275 FAX

February 17, 2005

Federal Communications Commission
Office of the Secretary
445 12th Street S.W., Room TW-A325
Washington, DC 20554

Re: In the Matter of Request for Review by American Telecommunications Systems, Inc., Filer ID #818356, of Decision of Universal Service Administrator
CC Docket No. 96-45

To Whom It May Concern,

We would like to file a Formal Appeal to the Federal Communications Commission regarding the Universal Service Administrator's (USAC) dismissal of American Telecommunications Systems, Inc.'s Formal Appeal.

It is unbelievable to us that we were denied because of not being "timely filed". We, and our regulatory compliance company, Telcom Compliance Services, have tried since the first invoice we received from USAC, dated 7/15/99 to straighten this matter out with USAC.

Our company is a reseller of long distance services. We had an agreement with a company by the name of Tel-Save (now Talk.com) to resell long distance service through them, as one of their partitions. They reported and remitted USAC fees on behalf of themselves and all of their partitions. We had a lock box agreement with Tel-Save where they collected all of the revenue from the customers and retained sole control of all disbursements.

In July of 1999 we received an invoice directly from USAC and contacted them and our regulatory compliance company (Telcom Compliance Services) to find out why the invoice was sent directly to us and not to Tel-Save. We were told that USAC would look into it and get back to us. Then we were told by USAC that we had to pay the invoice while the matter was being resolved, or be in violation with them and risk loosing our certifications to do business. So, we began paying the USAC invoices.

We and Telcom Compliance Services continued calling and writing USAC requesting resolution to this. We have learned that all other partitions of Tel-Save have received relief from USAC except us. Some of the partitions consisted of Telec, Group Long Distance, Discount Network Services, Providian Group, and Eastern

Telecommunications. Tel-Save collected and remitted all USAC fees for American Telecommunications Systems through December 2001. Beginning in December 2002, ATS began collecting, and continued remitting, funds to USAC, but on its own behalf. All charges and late payment fees should be credited to our account from the July 15, 1999 invoice through and including the December 2001 invoice. All late payment fees from January 2001 to present should also be credited. A spreadsheet on how much we have paid from July 15, 1999 through December 2001 invoice is enclosed. Another spreadsheet with interest only from January 2002 to present is also enclosed. We feel that the total of these two spreadsheets (\$90,419.40) is the amount for which we deserve a credit.

Since July of 1999 we and Telcom Compliance Services have been in contact with USAC to no avail. We could never get answers, or any kind of resolution. We have spoken to people on the phone and sent letters. Talk.com even provided us with a letter which we forwarded to USAC and the FCC. A copy of this letter is enclosed. It explains the reporting and billing practices of Talk.com (Tel-Save) and the corresponding effect on ATS. (Thus the double reporting and payment to USAC.) The letter also requests that USAC credit the ATS invoices since the payment had already been paid by them. Neither the letter, nor any other information which we provided, seemed to evoke a response from USAC. Nothing ever changed. We did everything we could think of, and everything which we were asked to do, and everyone at USAC seemed to pass the buck to someone else.

We stopped paying the monthly invoices, trying this as a last resort to get a response and resolution from USAC. We were never contacted directly by USAC, but we did receive a "FCC Final Demand & Notice of Debt Transfer" letter from Ms. Claudette Pride at the FCC. We immediately called the FCC and left a message for Ms. Pride telling her why we were calling and requesting a call back regarding this issue. We were not called back. We then sent a certified letter and an e-mail to Ms. Claudette Pride.

We received a call on 10/27/03 from Mr. Tim Peterson. He was responding to our e-mail to Ms. Claudette Pride. Finally we had reached a person at the FCC who we thought could help us. Mr. Tim Peterson. We explained the situation to him and asked his help. He told us that in order for the FCC to take action we had to file a formal appeal with USAC and that they would likely turn us down and then we had to appeal to the FCC and he could then help us. He requested we copy him in on everything, and we did so. A ray of hope was sent our way.

On 11/5/03 we sent a formal appeal to USAC, as we were directed to do.

On 12/4/03 we received another "Final Demand & Debt Transfer" letter. We immediately called Tim Peterson and he said to disregard it because it was just a form letter and he had stopped collections at the Treasury.

On 2/2/04 we received another "Final Demand & Debt Transfer" letter. We called Tim again and he said to disregard all notices we receive regarding collection and that we would resolve this issue.

Every month we called Tim Peterson and spoke to him or left a message on his voice mail regarding the fact that we had not heard from USAC yet. We asked him if he could check on their progress regarding a response to us. He checked and told us that we would probably not receive a response until September of 2004. We actually did not receive a response until December 2004 from USAC. Of course, they denied our appeal as being untimely filed. This, we feel, is so very untrue. We have, since day one, been trying to resolve this issue with USAC. We have called and written for years! All we have gotten is no response or the run around from them. How timely was their response to us? Over a year!! We are enclosing copies of letters which we have sent to USAC and the FCC. We are now appealing to the FCC. Please help us.

We are a bit concerned because Mr. Tim Peterson knows all about this but he is no longer in the position to handle this once our appeal gets to the FCC. He has taken a different position with the FCC, and our new contact there is Ms. Regina Dorsey (202) 418-1993. This has happened to us so many times working with USAC over the years; we should not be disheartened, but every time we think we are making progress and going to reach a resolution someone else is involved and we start all over again.

We are a small company and employ only eight people. We pay our taxes and we employ people who pay their taxes. If this ruling is upheld, it would surely create an undo hardship financially on this company. All of the recent changes in the telecom industry have already affected us. We outsource areas of our business to other small businesses, and their livelihood also depends on us. A negative outcome to this would severely impair our ability to operate as we are now. We implore your help in this matter.

We are sending a copy of all materials enclosed in this appeal to our US Congressman, Mr. Ralph Regula, to inform him of this matter and request his help in reaching a resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Stathakaros". The signature is fluid and cursive, with the first name "Bill" being more prominent.

Mr. Bill Stathakaros
President

BS/ms
Enclosures
Cc: USAC
US Congressman Ralph Regula